

## BACKGROUND

1. Childcare oversupply is the phenomenon with three attributes – (a) declining childcare occupancy levels across childcare services in a given area compared to their total approved number of places, (b) those affected childcare services are no longer financially sustainable, and (c) childcare fees are still increasing.
2. The Commonwealth's Productivity Commission 2014/2015 Report on Early Childhood Education (see <http://bit.ly/2xl2NdS>) accurately predicted that "... *the cost of providing long day care varied significantly depending on the age of the child, with 0 to 2 year olds, on average, more than twice as expensive as children aged 3 to 5 years.*"
3. To address financial sustainability, many childcare service providers reduce or eliminate the number of places for 0-2 year olds as they incur the highest costs due to regulatory requirements.
4. Reduction/elimination of 0-2 year old places can create the false impression of undersupply of childcare places.
5. According to the Commonwealth's *Early Childhood and Child Care in Summary* reports published by its Department of Education and Training, the percentage of all childcare centres reporting vacancies were 86% (in 2013), 90% (in 2014), 91% (in 2015 & 2016), 93% (in 2017).
6. The NSW Government introduced the *State Environmental Planning Policy (SEPP) (Educational Establishments and Child Care Services) 2017* which in effect created automatic council approvals by removing all local councils' planning and regulatory powers over childcare services, except for on-site car parking provisions. No other state or territory government has introduced anything similar.
7. The Australian Childcare Alliance NSW in April 2017 was the first organisation to declare childcare oversupply existed through its report (see <http://bit.ly/2xpmwci>), showing 28 local government areas showing signs of potential and actual childcare oversupply, with existing and approved increases in childcare places by 2020 already exceeding those needed by 2031.
8. The Centre for Independent Studies' latest report, "Why childcare is not affordable" (August 2018) (see <https://www.cis.org.au/app/uploads/2018/08/rr37-emb.pdf>), confirmed that childcare oversupply has failed to put any downward pressure on childcare fees.

## SUGESSTED SOLUTIONS **FOR FEDERAL GOVERNMENT CONSIDERATION**

1. Consideration of emulating the objectives of the Pharmacy Co-location Rules (see [www.health.gov.au/acpa](http://www.health.gov.au/acpa)) (reaffirmed in early 2018 by the Commonwealth Parliament) in order to regulate where approved childcare services should be based on genuine demand (as previously occur under the Howard Government).
2. Publication of aggregated occupancy levels by local government areas to inform the market in order to avoid investor/capital speculation.

## EXTERNAL REFERENCES

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